



PHILLIPS Transportation Alaska, Inc.

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Margaret A. Yaege
President

APR 30 2001

Mr. Pat Pourchot
Commissioner
Alaska Department of Natural Resources
400 Willoughby Avenue
Juneau, Alaska 99801

Mr. William G. Britt, Jr.
State Pipeline Coordinator
411 West 4th Avenue
Suite 2
Anchorage, Alaska 99501

Re: Renewal Of TAPS Lease And Associated Rights

Gentlemen:

Phillips Transportation Alaska, Inc. ("Phillips Transportation") owns an undivided interest in the May 3, 1974 Right-of-Way Lease for the Trans-Alaska Pipeline ("TAPS Lease") and other rights associated with the TAPS Lease ("Associated Rights"). The TAPS Lease provides that it will (and accordingly the Associated Rights will) remain in full force and effect until 12:00 noon on May 2, 2004, and "[t]he Commissioner shall renew the Lease [and Associated Rights] . . . so long as the Pipeline is in commercial operation and the Lessees are in full compliance with State law, including but not limited to State law pertaining to regulation and taxation of the Pipeline." TAPS Lease §2(c).

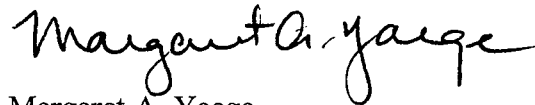
Phillips Transportation, in coordination with the other undivided interest owners of the TAPS Lease and Associated Rights ("Other TAPS Owners"), applies for renewal of the TAPS Lease and Associated Rights. See Line Lists at Tab 1A-1C in Volume 2. Phillips Transportation seeks renewal of the TAPS Lease and Associated Rights for the maximum period authorized by law on the same terms as those set out in the TAPS Lease and Associated Rights.

Included with this application are materials to assist you in making your renewal determination. See the Right-of-Way Leasing Act at AS 38.35.110 and the Pipeline Right-of-Way Leasing regulations at 11 AAC 80.075. That material includes information (i) pertaining to commercial operations (Commercial Operations Tab of this Volume) and compliance with State law and lease terms (Compliance Tab of this Volume) and (ii) provided to the Bureau of Land Management in conjunction with renewal of the Federal Agreement and Grant of Right-of-Way for the Trans-Alaska Pipeline (Federal ROW Renewal Application Submittal Tab of this Volume and Vols. 2 and 3).

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As you know, Phillips Transportation and the Other TAPS Owners have established a Right-of-Way Renewal Team to work with the State of Alaska, the Federal Government, and stakeholders in renewing the TAPS Owners' rights. W. Steven Jones, Project Manager of the TAPS Right-of-Way Renewal Team, will serve as our on Right-of-Way Renewal matters. Please direct all correspondence and notifications to W. Steven Jones.

Very truly yours,

A handwritten signature in black ink, reading "Margaret A. Yaege". The signature is written in a cursive style with a large, stylized "M" and a long, sweeping tail on the "y".

Margaret A. Yaege